

South Carolina Board of Economic Advisors

Statement of Estimated State Revenue Impact

Date: April 15, 2008 **Bill Number:** S.B. 1158

Authors: Hayes; Sheheen; Gregory; Short, and Peeler

Committee Requesting Impact: Senate Agriculture and Natural Resources Committee

Bill Summary

A bill to amend Section 49-29-230, of the Code of Laws of South Carolina, 1976, relating to scenic river designations, so as to designate a portion of the Catawba River as a scenic river.

REVENUE IMPACT ^{1/}

This bill is expected to reduce state General Fund income tax revenue by an estimated \$10,255 in FY2008-09, and may also result in the loss of an estimated \$10,000 in local property tax revenue in FY2008-09.

Explanation

This bill would amend Section 49-29-230 designating a portion of the Catawba River located between the Lake Wylie Dam and the South Carolina Highway 9 bridge crossing of the Catawba River as a scenic river. Currently, eight rivers have been designated as scenic rivers under the Department of Natural Resources, "South Carolina Scenic Act of 1989". This will allow landowners who donate perpetual easements to the state in this area a Scenic Rivers nonrefundable tax credit against state income tax equal to the fair market value of the easement granted. The State may receive consent directly from the legislative delegation from the region where the scenic river is located before entering into agreements to purchase or exchange land along a scenic river. According to Section 49-29-100, "the value of a perpetual easement is determined as the difference between the fair market value of the total property before the land is burdened with the easement and the fair market value of the property after the easement is granted". The donor may elect to take the credit during a five-year period following the donation. After the granting of a perpetual easement, land is then exempt from all property taxes. According to the Department of Revenue, the Scenic Rivers tax credit is seldom used; however, an average of four taxpayers have claimed tax credits averaging nearly \$10,255 during the past several tax years. Based on recent experience, the addition of a portion of the Catawba River to the Scenic Rivers Program is expected to reduce state General Fund income tax revenue by an estimated \$10,255 in FY2008-09. Also, according to the York county auditor, the majority of the land along the Catawba River near the Lake Wylie Dam is assessed as private agricultural use property. The York county auditor has advised the BEA that the designation of a portion of the Catawba River as a scenic river may result in the loss of an estimated \$10,000 in local property tax revenue in FY2008-09.

/s/ WILLIAM C. GILLESPIE, PH.D.

William C. Gillespie, Ph.D.
Chief Economist

Analyst: Martin

^{1/} This statement meets the requirement of Section 2-7-71 for a state revenue impact by the BEA, or Section 2-7-76 for a local revenue impact or Section 6-1-85(B) for an estimate of the shift in local property tax incidence by the Office of Economic Research.